Capital Improvement Projects for School Districts (Includes Asbestos Removal Program - Program 15) Department of Education & Early Development - Program 6

I. PROGRAM OBJECTIVES

Authorized under AS 14.11.020 and AS 14.07.020(13), funds are appropriated to the Department of Education & Early Development for construction and rehabilitation of educational facilities in school districts throughout the State.

II. PROGRAM PROCEDURES

Following enactment of the enabling legislation, the Department executes a grant agreement with the School District or other entity to construct the project in accordance with the language of the legislation.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES Compliance requirements are contained in the grant agreement and in 4 AAC 31.

A. TYPES OF SERVICES ALLOWED OR UNALLOWED

Compliance Requirement

Grant Funds can be expended only for the purpose stipulated in the enabling legislation and as specified in the grant agreement.

Suggested Audit Procedure

 Test transactions to determine whether expenditures are necessary and reasonable for the performance and administration of the program, and are authorized or not prohibited under the grant agreement and other applicable guidelines and regulations.

B. ELIGIBILITY

Compliance Requirement

All public school districts in the state are eligible for this program.

Suggested Audit Procedure

None.

C. MATCHING, LEVEL OF EFFORT, AND/OR EARMARKING REQUIREMENTS

Compliance Requirement

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Participating share requirements for grants beginning after FY 93 are specified in AS 14.11.008.

Suggested Audit Procedures

- Review the legislation to identify the participating share requirements; and
- Verify that the requirements were met.

D. REPORTING REQUIREMENTS

Compliance Requirement

The results of operations of capital projects that extend over two or more fiscal years must be presented on a dual basis. In accordance with the codification of Governmental Accounting and Financial Reporting Standards 1300.113-.114, the statement of revenues, expenditures, and changes in fund balance must be presented for both the current year and on a cumulative basis since inception of the project.

Suggested Audit Procedure

Verify that project expenditures are presented both for the current year and on a cumulative, inception to date, basis. Cumulative expenditures may be presented in a schedule to support the financial statements or in a special purpose report.

Compliance Requirement

The grant agreement specifies reporting requirements required by the grantee.

Suggested Audit Procedures

- Review procedures for preparing required reports and evaluate adequacy;
- Review a sampling of reports for completeness of submission;
- Trace data in selected reports to the supporting documentation; and
- Evaluate adjustments, if any, for propriety.

E. SPECIAL TESTS AND PROVISIONS

Compliance Requirement

The grant agreement may contain specific provisions to which the grantee is to adhere.

Suggested Audit Procedures

- Review the grant agreement;
- Identify any special provisions or requirements; and
- Verify that the requirements were met.

Compliance Requirement

Construction management costs are limited as per AS 14.11.020(c).

Suggested Audit Procedures

- Review financial and related records to ensure that construction management costs have not exceeded statutory limits; and
- Review to evaluate policies and procedures for ensuring compliance.

Compliance Requirement

Expenditures for equipment must be accounted for in the manner specified by AS14.11.017(a)(3).

Suggested Audit Procedures

- Review financial and related records to determine
 - 1. whether equipment purchases exceed the amount in the approved budget; and
 - 2. whether the fixed asset inventory system was approved by the Department.

Modified 5/01